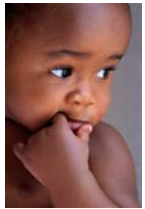




Services funded with TANF funds include:

- Cash assistance for the purchase of basic needs such as food, clothing, housing and personal care items
- Work supports such as transportation, vehicle repair, and items that assist individuals in continuing employment or becoming employed
- Education and training, excluding tuition

The federal TANF grant is authorized through 2011, but the grant amount will not be increased, requiring legislators and the Department to balance the cost of services and benefits to ensure



Montana maintains sufficient funds in the TANF grant to last through 2011. States have flexibility to use TANF funds to support a variety of programs and services to assist needy families and to determine which families qualify as well as which services will be funded.

Through the ebb and flow of TANF caseloads and associated cash assistance costs, DPHHS adjusts or discontinues funding to some programs in order to have adequate funds available to provide cash assistance benefits. DPHHS estimates a fund balance of about \$22.5 million will exist at the end of the 2007 biennium. However, DPHHS projects that because the federal TANF grant will not be increased, and estimates of expenditures and transfers from grant funds during the 2009 biennium (including the transfer of almost \$14 million to child care) may exceed \$90 million, the fund balance may decrease to about \$16.0 million in 2009. Spending at the present level into the 2011 biennium would most likely reduce the fund balance to nearly \$7 million.



Tribal TANF



In accordance with the federal TANF regulations, a tribe may choose to have its members receive services through the state TANF plan or a tribe may choose to operate its own TANF plan. In Montana, four tribes, the Confederated Salish and Kootenai, the Fort Belknap Indian Community, the Blackfeet, and the Chippewa Cree at Rocky Boy's, have chosen to implement a tribal TANF plan.



When a tribe implements a TANF plan, the state's federal grant and maintenance of effort requirement are reduced. Section 53-4-210, MCA, governs the provision of a portion of the state maintenance of effort funds to tribes operating a tribal TANF plan, and provides that \$100,000 general fund from existing appropriations be transferred to new tribal TANF plans each fiscal year of the biennium following implementation of the tribal TANF plan.



Legislative Fiscal Division



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LFD Mission Statement

We are committed to enhancing the legislative process through understandable and objective fiscal policy analysis and information.

The Legislative Fiscal Division

Presents



FOCUS ON...

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)

September 2006

Fiscal Pocket Guide



"TANF is the federal Temporary Assistance for Needy Families Block Grant, and supports public assistance programs for Montana."



Primary Contact: Marilyn Daumiller
Room 110A, State Capitol
Helena, MT 59620-1711
(406) 444-5386

E-mail: mdaumiller@mt.gov

TANF is the federal Temporary Assistance for Needy Families Block Grant. This grant supports public assistance programs for needy families.



States receive a set level of federal funding to support public assistance programs. Montana's annual federal grant should be about \$39.1M in FY 2008, but should decrease to about \$38M in 2009 because FY 2008 is the last year the federal government will provide supplemental grants. In order to receive the federal funds, a state must continue to expend state and local resources at a level known as the "maintenance of effort" or "MOE." Montana's annual MOE is about \$13.1 million.

States must also meet other federal requirements including:

- Work participation rates
- Data reporting requirements
- Limiting beneficiary to a maximum 60 months per lifetime of benefits
- Assignment of child support to the state by the beneficiary

Funds must be expended to achieve one of four TANF purposes:

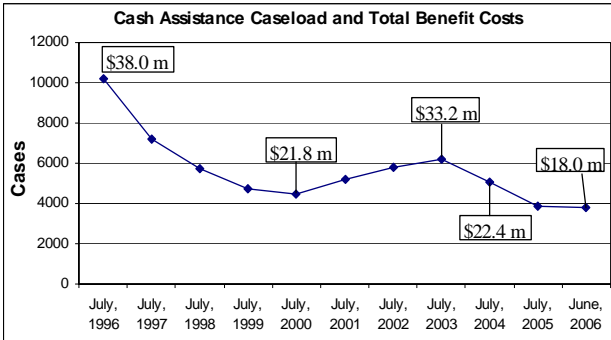
- To provide assistance to needy families
- To end dependency of needy parents by promoting job preparation, work, and marriage
- To prevent and reduce out of wedlock pregnancies
- To encourage the formation and maintenance of two-parent families



The following graph shows changes in Montana's welfare caseload and related benefit expenditures. Caseload declined from a high of 11,238 cases in February 1996 to lows of 4,390 October 2000 and 3,773 June 2006. The decrease of caseload between 2003 and 2006 was primarily due to:

- Reductions in the amount of the monthly cash benefit and the income level used in determining eligibility for the cash assistance program implemented in August of 2003 by the DPHHS; and

- Reductions in caseload to a historic low of 3,773 primarily driven by the Blackfeet Reservation assumption of its own Tribal TANF plan August 1, 2005, and an improved employment picture in many Montana communities. (There is more information in the Tribal TANF section.)



Over the same period of time, benefit expenditures varied from \$21.8 million in (SFY) 2000 to \$18.0 million in June 2006 based upon monthly benefit payments received by families. For example, following departmental adjustments, the payments for a family of four decreased from the SFY 2003 average payment of \$611 to \$452 in early SFY 2005, then increased to \$532 in SFY 2005 when the Legislature raised the cash assistance benefit level to at least 33 percent of the 2005 federal poverty level (FPL). Although the benefit payments increased, the 2006 cash benefit total expenditure dropped to slightly more than \$18.0 million primarily because of a decrease in caseloads.



In addition to cash assistance costs, these funds support administrative costs, computerized systems for data reporting, job training and employment readiness services, and some childcare, child welfare and developmental disabilities services.

To be eligible for cash assistance benefits, the family's countable income must be at or below 30 percent of the 2002 FPL.¹ Please see the following chart.

2002 Annual Federal Poverty Level		
Size of Family Unit	2002 Annual FPL	30% of FPL
1	\$8,860	\$2,215
2	11,940	2,985
3	15,020	3,755
4	18,100	4,525
5	21,180	5,295
6	24,260	6,065
7	27,340	6,835
8	30,420	7,605
Per Additional Person	\$3,080	\$770

In Montana, TANF and TANF MOE dollars are also used to support services for families whose income falls below 150 percent of the 2005 federal poverty level depending upon the service. (Please see footnote 2.)

The following table shows the change set by the 2005 Legislature that increased the benefit calculation to 33 percent of the 2005 FPL, and the annual income level of the 150 percent FPL to be eligible for most TANF and MOE services.

2005 Federal Poverty Level Showing Monthly Benefits and Service Eligibility			
Size of Family Unit	2005 Monthly FPL	Amt. of Monthly Benefits at 33%	Monthly Earnings at 150% FPL for Services
1	\$798	\$263	\$1,196
2	1,069	353	1,604
3	1,341	443	2,010
4	1,613	532	2,419
5	1,884	622	2,826
6	2,156	711	3,234
7	2,428	801	3,641
8	2,699	891	4,049
Each Additional Person	\$272	\$89	\$408

¹ Total income less allowable deductions

² Exceptions include: TANF funds transferred to Title XX, Social Services Block Grant fund, and the Low Income Housing Revolving loan funds may be used to serve families up to 200 percent of the federal poverty level; and TANF funds used for child care serve families up to 150 percent of the federal poverty level.